

TOWNSHIP OF WHITE LAKE, MICHIGAN

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Report on Audit of Accounts

December 31, 2007

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TOWNSHIP OF WHITE LAKE, MICHIGAN

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CERTIFIED PUBLIC ACCOUNTANTS  
MICHIGAN ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

Members of the Board  
Township of White Lake, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Township of White Lake, Michigan, as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of White Lake, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of White Lake, Michigan, as of December 31, 2007 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information as identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of White Lake, Michigan basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Very truly yours,

*Janz & Knight, PLLC*

Certified Public Accountants

Bloomfield Hills, Michigan

June 24, 2008

## TOWNSHIP OF WHITE LAKE, MICHIGAN

December 31, 2007

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Charter Township of White Lake's (the Township) management's discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the Township's financial activity, identify changes in the Township's financial position (its ability to address the next and subsequent years' challenges), identify significant variances from the approved budget, and identify individual fund issues or concerns.

Using this Annual Report

The Township's annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than government-wide financial statements.

Government-Wide Financial Statements

The government-wide financial statements consist of the Statement of Net Assets and Statement of Activities. They are designed to be corporate-like in that all governmental and business-type funds are consolidated into columns which add to a total for the primary government. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are also taken into account regardless of timing of cash being paid or received.

The Township as a Whole

**Net Assets** - The Township's combined net assets were \$36.3 million at the close of the year ended December 31, 2007. This represents an increase of \$1.9 million or a 5% increase from a year ago. As we look at governmental activities separately from the business-type activities, we can see that the governmental activities net assets have seen an increase of approximately \$1.1 million. This increase was primarily from a Fire Fund surplus of approximately \$636,000. This surplus is restricted for future equipment acquisitions and new personnel in the Fire Fund. Also a portion of this increase was from accumulating reserves in the Parks and Recreation Fund and General Sewer Fund for future park and pathway expansions and sewer repairs, approximately \$315,000 and \$148,000, respectively. The business-type activity net assets has experienced a \$789,000 increase. This increase was primarily the result of assets being capitalized that will be expensed as depreciation over their useful lives and the special assessment revenue for these are also recognized in the current year.

The following table reflects the condensed Statement of Net Assets for the years ended December 31, 2007 and 2006:

Table 1  
Statement of Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2007	2006	2007	2006	2007	2006
<b>ASSETS</b>						
Current and other assets	\$ 28,920,755	\$ 28,762,153	\$ 5,072,072	\$ 4,576,809	\$31,992,827	\$30,338,962
Capital assets	19,558,204	19,971,660	124,558	4,388,458	24,682,760	24,360,118
<b>Total assets</b>	<b>\$ 48,478,959</b>	<b>\$ 48,733,813</b>	<b>\$ 5,196,628</b>	<b>\$ 8,965,267</b>	<b>\$56,675,587</b>	<b>\$54,699,080</b>
<b>LIABILITIES AND NET ASSETS</b>						
Current and other liabilities	\$ 10,183,745	\$ 9,757,932	\$ 628,438	\$ 135,417	\$10,792,183	\$ 9,893,349
Long term debt outstanding	9,255,854	10,049,267	305,000	355,000	9,560,854	10,404,267
<b>Total liabilities</b>	<b>\$ 19,439,599</b>	<b>\$ 19,807,199</b>	<b>\$ 933,438</b>	<b>\$ 490,417</b>	<b>\$20,354,037</b>	<b>\$20,297,616</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	9,508,933	9,145,576	4,769,556	3,983,458	14,278,489	13,129,034
Restricted	15,211,101	14,756,189	3,934,232	3,596,854	19,145,333	18,353,045
Unrestricted	2,338,226	2,024,899	559,402	894,328	2,897,728	2,919,225
<b>Total net assets</b>	<b>\$ 27,058,260</b>	<b>\$ 25,926,664</b>	<b>\$ 9,263,190</b>	<b>\$ 8,474,640</b>	<b>\$36,321,550</b>	<b>\$34,401,304</b>
<b>Total liabilities and net assets</b>	<b>\$ 46,478,959</b>	<b>\$ 45,733,813</b>	<b>\$ 10,196,628</b>	<b>\$ 8,965,267</b>	<b>\$56,675,587</b>	<b>\$54,699,080</b>

## TOWNSHIP OF WHITE LAKE, MICHIGAN

December 31, 2007

Unrestricted net assets are net assets that can be used to finance day to day operations. Restricted net assets of the Township totaled approximately \$19.1 million at December 31, 2007. These net assets have limitations on their use that were imposed by restrictions such as enabling legislation, grant or bond covenants. The investment in capital assets represents the Township's capital assets that provide services to citizens; accordingly, these assets are not available for future spending.

The following table shows the changes in net assets for the years ended December 31, 2007 and 2006:

Table 2  
Changes in Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2007	2006	2007	2006	2007	2006
<b>Program Revenue:</b>						
Charges for services	\$ 2,411,007	\$ 2,795,936	\$ 816,233	\$ 743,106	\$ 3,227,220	\$ 3,529,042
Operating grants and contributions	248,915	482,793			248,915	482,788
Capital grants and contributions	6,063	126,316	541,680	222,521	547,743	248,837
<b>General Revenue</b>						
Property taxes	8,692,690	5,900,702			8,692,690	5,900,702
State shares revenue	2,045,996	2,072,142			2,045,996	2,072,142
Unrestricted investment income	1,085,055	981,018	229,015	212,335	1,295,080	1,193,353
Franchise fees	314,370	292,261			314,370	292,261
Miscellaneous	244,046	221,599	5,632	5,020	249,878	226,819
Loss on sale of assets	(15,237)	(21,357)			(15,237)	(21,357)
<b>Total revenues</b>	<b>\$ 13,413,996</b>	<b>\$ 12,840,905</b>	<b>\$ 1,592,760</b>	<b>\$ 1,182,982</b>	<b>\$ 15,006,756</b>	<b>\$ 14,023,887</b>
<b>Program Expenses:</b>						
General government	2,399,299	2,301,181			2,399,299	2,301,181
Public safety	6,667,791	8,394,049			6,667,791	8,394,049
Public works	2,186,792	2,356,828			2,186,792	2,356,828
Health and welfare	97,002	89,023			97,002	89,023
Community and economic development	495,202	530,137			495,202	530,137
Recreation and culture	268,603	239,591			268,603	239,591
Interest on long term debt	267,602	289,893	21,184	24,977	288,786	314,870
Water			783,036	800,849	783,036	800,849
<b>Total program expenses</b>	<b>\$ 12,382,291</b>	<b>\$ 12,152,702</b>	<b>\$ 804,220</b>	<b>\$ 825,826</b>	<b>\$ 13,186,511</b>	<b>\$ 13,025,528</b>
<b>Increase in net assets</b>	<b>\$ 1,131,705</b>	<b>\$ 688,203</b>	<b>\$ 788,540</b>	<b>\$ 357,156</b>	<b>\$ 1,920,245</b>	<b>\$ 998,359</b>
<b>Net assets - beginning of year</b>	<b>25,926,655</b>	<b>25,285,452</b>	<b>8,474,650</b>	<b>8,117,494</b>	<b>34,401,305</b>	<b>33,402,946</b>
<b>Net assets - end of year</b>	<b>\$ 27,058,360</b>	<b>\$ 25,926,655</b>	<b>\$ 9,263,190</b>	<b>\$ 8,474,650</b>	<b>\$ 36,321,550</b>	<b>\$ 34,401,305</b>

As shown in the above table total revenues were approximately \$15.0 million for the year ended December 31, 2007. Of these revenues 44% was obtained from property taxes, 24% for fees charged for services, 14% for state shared revenues and 9% for investment income. Total expenses were approximately \$13.0 million, of which 51% was for public safety, 18% was for general government and 17% was for public works.

#### Business Type Activities

The Township's business-type activity consists of the Water Fund. At December 31, 2007 the Township was providing water to 1,791 customers. This is compared to 1,769 customers at December 31, 2006.

In 2007, the Water Fund started construction of a water main extension (located between the Township Hall and Teggerdine Road). The total amount spent to date was \$684,530. This project will be completed in 2008.

TOWNSHIP OF WHITE LAKE, MICHIGAN

December 31, 2007

The Township Funds

The analysis of the Township's major funds begins on page 11, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2007 include the General Fund, Fire Fund, Police Fund, Special Assessment Fund, and the Pontiac Lake Sewer Debt Fund.

The General Fund is the main operating fund of the Township. Total revenues and other financing sources for the year were approximately \$4,645,000. Of this revenue, state-shared revenue accounted for 45% and property taxes 26% of the total revenue. Total expenditures and other financing uses for the year were approximately \$4,519,000. This included operating transfers of approximately \$937,000 to the Fire and Police Funds (to subsidize operating short-falls in those funds). At December 31, 2007 the unreserved fund balance of \$2,338,326 represented 52% of the total General Fund expenditures and other financing uses for the year.

The Fire Fund is used to account for fire services to Township residents. Total revenues and other financing sources for the year were approximately \$2,641,000. Of this revenue, property taxes accounted for 74% and General Fund transfers in accounted for 23% of the total revenues. Total expenditures for the year were approximately \$2,005,000. Of this amount 79% related to employee costs. The fund balance of \$5,367,262 is reserved for future equipment acquisitions and new personnel.

The Police Fund is used to account for police services to Township residents. Total revenues and other financing sources for the year were approximately \$3,905,000. Of this revenue, property taxes accounted for 81% and General Fund transfers in accounted for 10% of the total revenue. Total expenditures for the year were approximately \$3,905,000. Of this amount 84% related to employee costs. Currently, there is no fund balance reserved for future equipment acquisitions.

The Special Assessment Fund is used to account for the solid waste and various other special assessments (lake quality, etc.) of the Township. Total revenues for the year were approximately \$1,633,000 and were primarily earned through assessments to those residents benefiting from the services being provided. The fund balance of \$499,434 is restricted for various special assessment services.

The Pontiac Lake Sewer Debt Fund is a debt service fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs associated with the construction of the Pontiac Lake Sewers. The total revenue for the year was approximately \$519,000 and was primarily earned through special assessment charges. Expenditures for the year were approximately \$395,000 and consisted of principal and interest charges on related debt. The fund balance of \$2,072,893 is reserved for future debt related expenditures. At December 31, 2007 the outstanding principal on the Pontiac Lake sewer debt was \$3,920,000.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year. Operating Transfers In were amended to reflect board authorized use of funds from the Improvement Revolving Fund. Contributions were amended to reflect the market value of maintenance equipment donated.

The Ordinance Officer budget was amended to reflect additional payroll costs for an additional employee. Legal fees were amended to reflect increased professional services rendered due to labor negotiations. The capital outlay budgets were amended to reflect the purchase of software and a building improvement and the donation of maintenance equipment. Operating Transfers Out were amended to finance PA 188 activity and transfer the restricted building funds to the new building fund.

Township departments overall stayed below budget, resulting in total expenditures \$425,917 below budget. This allowed the General Fund's fund balance to increase from \$2,222,108 a year ago to \$2,349,451 at December 31, 2007.

TOWNSHIP OF WHITE LAKE, MICHIGAN

December 31, 2007

Capital Asset and Debt Administration

Capital Assets

At the end of 2007, the Township had \$24,682,760 invested in a broad range of capital assets (net of accumulated depreciation), including buildings, police and fire equipment, and water and sewer lines. In addition, the Township has invested significantly in roads and related infrastructure within the Township. These assets are not reported in the Township's financial statements because of Michigan law, which makes these roads the property of the Oakland County Road Commission (along with the responsibility to maintain them).

During the year, the Township completed construction of new sewer lines along Teggerdine Road and Cedar Island Road. These sewer lines were added to the sewer system totaling \$144,270 and \$91,612, respectively.

During the year, the Township completed construction of a new water main extension. This water line was added to the water system totaling \$908,664.

During the year, the Township's Water Fund began construction of a new water main extension. The estimated costs of this project are expected to be approximately \$743,000. Construction costs incurred on this project through 2007 were \$694,530.

During the year, the Township began construction of a new sewer line extension for residents on Cooley/Park Drive. Construction costs incurred on this project in 2007 were \$15,079. The estimated costs of this project are expected to be approximately \$80,000. This project is funded with a special assessment.

During the year, the Township completed a paving and fencing project at a park and various water department facilities. Construction costs incurred on this project were \$200,373.

Other major expenditures for capital assets during the year included the following:

1. Vehicles totaling \$167,625;
2. Water tower #1 refurbishment totaling \$86,200.

Long-Term Debt

The Township's total governmental indebtedness as of December 31, 2007 is \$10,049,271, which is below the debt limitation of \$152,093,486. Of this amount, \$9,525,000 are general obligation bonds.

The Township does not currently have a rating from Standard & Poor's. Additional information on Township long-term debt can be found in Note F.

Economic Factors and Next Year's Budgets and Rates

The Township has considered what to anticipate in the coming year when creating its 2008 budget. Many of the normal operating revenues and expenditures are consistent with prior years.

Revenues:

General Fund State shared revenue is expected to decrease due to economic conditions in the State of Michigan.

The Building Fund revenues were down significantly in 2007, but the Township expects a slight increase due to new Commercial developments.

Property taxes for 2008 are expected to increase 4% due to an increase in the Township's taxable value; rates are the same as 2007.



TOWNSHIP OF WHITE LAKE, MICHIGAN

December 31, 2007

Expenditures:

Election Department and postage was increased to reflect additional activity due to it being an election year.

General Fund, Fire Fund, and Police Fund legal fees are expected to decrease with the anticipation of labor contracts being settled.

General Fund operating transfers to the Fire Fund and Police Fund were increased in anticipation of higher funding requirements.

Fire Fund personnel and related costs were increased to reflect the hiring of additional firefighters.

The General Sewer Fund expects an increase in maintenance and professional fees to expand and maintain the Township's sewer system.

The 2008 General Fund budget expects a deficit of approximately \$253,000. Accordingly, the Township is planning on using some of the prior years accumulated reserves. The projected General Fund fund balance at December 31, 2008 is \$2,096,000 which represents approximately 46% of the General Fund expenditures and other financing uses for the year.

Request for Information

This financial report is intended to provide citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have any questions or concerns about this report or need additional information, contact the Clerk's Office, at the Township of White Lake, 7525 Highland Road, White Lake, Michigan 48383.

## TOWNSHIP OF WHITE LAKE, MICHIGAN

## STATEMENT OF NET ASSETS

DECEMBER 31, 2007

	Governmental Activities	Business-type Activity	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 15,552,059	\$ 140,654	\$ 15,692,713
Receivables:			
Taxes	3,367,099	71,776	3,438,875
Customers		201,762	201,762
Interest	68,239	16,786	85,025
Special assessments	2,782,455	609,913	3,392,368
Agency funds	4,979,441		4,979,441
Other	121,742		121,742
Due from other governments	146,669		146,669
Internal balances	(96,949)	96,849	
Restricted assets - cash and cash equivalents		3,934,232	3,934,232
Capital assets, net	19,558,204	5,124,556	24,682,760
<b>Total assets</b>	<b>\$ 46,478,959</b>	<b>\$ 10,196,628</b>	<b>\$ 56,675,587</b>
<b>LIABILITIES AND NET ASSETS</b>			
Liabilities:			
Accounts payable and other liabilities	\$ 325,751	\$ 587,843	\$ 893,594
Accrued wages	125,909	5,838	131,547
Accrued interest	62,000	4,957	66,957
Deferred revenue	8,761,468		8,761,468
Compensated absences	96,200		96,200
Noncurrent liabilities:			
Due within one year	792,417	50,000	842,417
Due in more than one year	9,256,854	305,000	9,561,854
<b>Total liabilities</b>	<b>\$ 19,420,599</b>	<b>\$ 933,438</b>	<b>\$ 20,354,037</b>
Net assets:			
Invested in capital assets, net of related debt	9,508,933	4,769,556	14,278,489
Restricted for:			
Debt service	5,958,677		5,958,677
Fire equipment	5,367,262		5,367,262
Building permit	102,180		102,180
Other	3,782,982	3,934,232	7,717,214
Unrestricted	2,338,326	559,402	2,897,728
<b>Total net assets</b>	<b>\$ 27,058,360</b>	<b>\$ 9,263,190</b>	<b>\$ 36,321,550</b>
<b>Total liabilities and net assets</b>	<b>\$ 46,478,959</b>	<b>\$ 10,196,628</b>	<b>\$ 56,675,587</b>

The attached notes are an integral part of the financial statements

## TOWNSHIP OF WHITE LAKE, MICHIGAN

## STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government . . . . .	\$ 2,309,299	\$ 66,830	\$ 76,376	\$ 6,063
Public safety . . . . .	6,667,791	574,466	30,183	
Public works . . . . .	2,186,792	2,126,690	64,029	
Health and welfare . . . . .	97,002		66,118	
Community and economic development . . . . .	485,202	17,591		
Recreation and culture . . . . .	268,803	25,510	12,210	
Interest on long term debt . . . . .	267,602			
Total governmental activities . . . . .	\$ 12,282,291	\$ 2,811,087	\$ 248,916	\$ 6,063
Business-type activity:				
Water . . . . .	\$ 804,220	\$ 816,233	\$	\$ 541,680
Total primary government . . . . .	\$ 13,086,511	\$ 3,627,320	\$ 248,916	\$ 547,743

## General revenues:

Property taxes . . . . .	
State shared revenues . . . . .	
Unrestricted investment income . . . . .	
Franchise fees . . . . .	
Miscellaneous . . . . .	
Special item - sale of fixed assets . . . . .	

Total general revenues and special items . . . . .

Changes in net assets . . . . .

Net assets - January 1, 2007 . . . . .

Net assets - December 31, 2007 . . . . .

The attached notes are an integral part of the financial statements

Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Business-type Activity	Total
\$ (2,160,030)	\$	\$ (2,160,030)
(6,063,142)		(6,063,142)
3,927		3,927
(30,884)		(30,884)
(467,611)		(467,611)
(230,883)		(230,883)
(267,602)		(267,602)
<u>\$ (9,216,225)</u>	<u>\$</u>	<u>\$ (9,216,225)</u>
 \$	 \$ 553,693	 \$ 553,693
<u>\$ (9,216,225)</u>	<u>\$ 553,693</u>	<u>\$ (8,662,532)</u>
 6,692,690		6,692,690
2,045,996		2,045,996
1,066,065	229,015	1,295,080
314,370		314,370
244,046	5,332	249,878
(15,237)		(15,237)
<u>\$ 10,347,930</u>	<u>\$ 234,847</u>	<u>\$ 10,582,777</u>
 \$ 1,131,705	 \$ 788,540	 \$ 1,920,245
<u>25,926,855</u>	<u>8,474,650</u>	<u>34,401,305</u>
<u>\$ 27,058,360</u>	<u>\$ 9,263,190</u>	<u>\$ 36,321,550</u>

The attached notes are an integral part of the financial statements.

## TOWNSHIP OF WHITE LAKE, MICHIGAN

BALANCE SHEET  
GOVERNMENTAL FUNDS

DECEMBER 31, 2007

	General	Fire Fund	Police Fund	Special Assessment Fund
<b>ASSETS</b>				
Cash and cash equivalents . . . . .	\$ 2,150,979	\$ 5,430,345	\$ 138,789	\$ 650,695
Receivables:				
Taxes . . . . .	607,439	987,870	1,593,896	
Interest . . . . .				556
Special assessments . . . . .				705,548
Other . . . . .	121,742			
Due from other funds . . . . .	936,092	1,092,548	1,768,002	991,703
Due from other governments . . . . .	94,745		7,868	
<b>Total assets . . . . .</b>	<b>\$ 3,910,997</b>	<b>\$ 7,510,763</b>	<b>\$ 3,508,355</b>	<b>\$ 2,348,502</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and other liabilities . . . . .	\$ 59,049	\$ 41,685	\$ 94,312	\$ 114,860
Accrued salaries and wages . . . . .	34,809	23,917	61,793	
Deferred revenue . . . . .	1,281,299	2,077,899	3,352,250	1,687,920
Due to other funds . . . . .	112,632			46,288
Advance from other funds . . . . .	73,757			
<b>Total liabilities . . . . .</b>	<b>\$ 1,561,546</b>	<b>\$ 2,143,501</b>	<b>\$ 3,508,355</b>	<b>\$ 1,849,088</b>
Fund balances:				
Reserved for:				
Debt service . . . . .				
Other . . . . .	11,125	5,367,262		
Unreserved, reported in:				
General Fund . . . . .	2,338,326			
Special Revenue Funds . . . . .				499,434
<b>Total fund balances . . . . .</b>	<b>\$ 2,349,451</b>	<b>\$ 5,367,262</b>	<b>\$</b>	<b>\$ 499,434</b>
<b>Total liabilities and fund balances . . . . .</b>	<b>\$ 3,910,997</b>	<b>\$ 7,510,763</b>	<b>\$ 3,508,355</b>	<b>\$ 2,348,502</b>

The attached notes are an integral part of the financial statements.

Pontiac Lake Sewer Debt Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 1,815,827	\$ 5,365,424	\$ 15,552,059
	178,094	3,367,099
63,388	4,287	69,239
1,881,934	194,973	2,782,455
		121,742
174,792	328,823	5,291,960
	44,056	146,669
<u>\$ 3,935,949</u>	<u>\$ 6,115,657</u>	<u>\$ 27,330,223</u>
\$	\$ 15,845	\$ 325,751
	5,390	125,909
1,856,946	562,472	10,818,786
6,110	170,681	335,711
		73,757
<u>\$ 1,863,056</u>	<u>\$ 754,388</u>	<u>\$ 11,679,914</u>
2,072,893	2,090,838	4,163,731
		5,378,387
		2,338,326
	3,270,431	3,769,885
<u>\$ 2,072,893</u>	<u>\$ 5,361,269</u>	<u>\$ 15,650,309</u>
<u>\$ 3,935,949</u>	<u>\$ 6,115,657</u>	<u>\$ 27,330,223</u>

The attached notes are an integral part of the financial statements

TOWNSHIP OF WHITE LAKE, MICHIGAN  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

DECEMBER 31, 2007

Total governmental fund balances . . . . . \$ 15,650,309

Amounts reported for governmental activities in the  
statement of net assets are different because:

Capital assets used in governmental activities are not financial  
resources, and are not reported in the governmental funds:

Governmental capital assets . . . . .	\$ 25,040,065	
Less accumulated depreciation . . . . .	<u>(5,481,861)</u>	19,558,204

Special assessments are expected to be collected over several years, and are not available to pay for current year expenditures. . . . .		2,057,318
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Long-term liabilities, including compensated absences, are not due and payable in the current period and are not reported in the funds including related accrued interest. . . . .		<u>(10,207,471)</u>
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Net assets of governmental activities . . . . .		<u>\$ 27,058,360</u>
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JANZ & KNIGHT, P.L.C. - CERTIFIED PUBLIC ACCOUNTANTS

The attached notes are an integral part of the financial statements.

## TOWNSHIP OF WHITE LAKE, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2007

	General	Fire Fund	Police Fund	Special Assessment Fund
<b>Revenues:</b>				
Taxes . . . . .	\$ 1,220,530	\$ 1,958,237	\$ 3,159,206	\$
Licenses and permits . . . . .	337,026	1,300		
Federal sources . . . . .		5,160		
State sources . . . . .	2,132,278		23,823	
Charges for services . . . . .	123,915		39,019	
Fines and forfeitures . . . . .	150		138,178	
Interest and rents . . . . .	484,709	43,215	89,718	77,592
Other . . . . .	198,116	25,401	103,376	1,555,224
<b>Total revenues . . . . .</b>	<b>\$ 4,476,724</b>	<b>\$ 2,033,313</b>	<b>\$ 3,531,320</b>	<b>\$ 1,632,816</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government . . . . .	2,103,673			
Public safety . . . . .	75,753	1,934,525	3,745,479	
Public works . . . . .	173,478			1,695,384
Health and welfare . . . . .	87,452			
Community and economic development . . . . .	472,729			
Recreation and culture . . . . .	162,057			
Other . . . . .	10,770			
Capital outlay . . . . .	152,728	70,771	159,954	
<b>Debt service:</b>				
Principal payments . . . . .	6,813			
Interest and fiscal charges . . . . .	2,376			
<b>Total expenditures . . . . .</b>	<b>\$ 3,247,829</b>	<b>\$ 2,005,296</b>	<b>\$ 3,905,433</b>	<b>\$ 1,695,384</b>
<b>Excess of revenues over (under) expenditures . . . . .</b>	<b>\$ 1,228,895</b>	<b>\$ 28,017</b>	<b>\$ (374,113)</b>	<b>\$ (62,568)</b>
<b>Other financing sources (uses):</b>				
Operating transfers in . . . . .	168,510	607,800	374,113	
Operating transfers out . . . . .	(1,270,062)			
<b>Total other financing sources (uses) . . . . .</b>	<b>\$ (1,101,552)</b>	<b>\$ 607,800</b>	<b>\$ 374,113</b>	<b>\$</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses . . . . .</b>	<b>\$ 127,343</b>	<b>\$ 635,817</b>	<b>\$</b>	<b>\$ (62,568)</b>
<b>Fund balance - January 1, 2007 . . . . .</b>	<b>2,222,108</b>	<b>4,731,445</b>		<b>582,002</b>
<b>Fund balance - December 31, 2007 . . . . .</b>	<b>\$ 2,349,451</b>	<b>\$ 5,367,262</b>	<b>\$</b>	<b>\$ 499,434</b>

The attached notes are an integral part of the financial statements



<u>Pontiac Lake Sewer Debt Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$ 354,717	\$ 6,692,690
	307,724	646,050
	62,834	67,994
		2,156,101
32,290	498,986	694,210
	1,228	137,556
158,626	284,509	1,098,369
328,162	40,018	2,250,297
<u>\$ 519,078</u>	<u>\$ 1,550,016</u>	<u>\$ 13,743,267</u>
	50,624	2,154,297
	419,986	6,175,743
	39,550	1,908,412
		87,452
		472,729
	73,199	235,256
		10,770
	212,627	588,080
285,000	485,000	776,813
110,181	160,045	272,602
<u>\$ 395,181</u>	<u>\$ 1,441,031</u>	<u>\$ 12,690,154</u>
\$ 123,897	\$ 108,985	\$ 1,053,113
16,723	418,271	1,585,417
	(315,355)	(1,585,417)
<u>\$ 16,723</u>	<u>\$ 102,916</u>	<u>\$</u>
\$ 140,620	\$ 211,901	\$ 1,053,113
1,932,273	5,149,388	14,597,196
<u>\$ 2,072,893</u>	<u>\$ 5,361,269</u>	<u>\$ 15,650,309</u>

The attached notes are an integral part of the financial statements.

TOWNSHIP OF WHITE LAKE, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHARGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2007

Net change in fund balances - total governmental fund . . . . . \$ 1,053,113

Amounts reported for governmental activities in the  
statement of activities are different because:

Governmental funds report capital outlays as expenditures;  
in the statement of activities, these costs are allocated  
over their estimated useful lives as depreciation.

Expenditures for capital assets . . . . .	\$ 472,892	
Less current year depreciation . . . . .	(848,142)	(375,450)

Special assessment revenues are recorded in the statement of  
activities when the assessment is set; they are not reported  
in the funds until collected or collectible within 60 days  
of year end . . . . .

(291,264)

Accrued interest is recorded in the statement of activities . . . . .

5,000

Repayment of bond principal is an expenditure in the governmental  
funds, but not in the statement of activities (where it  
reduces long-term debt) . . . . .

776,813

Increase in accumulated employee sick pay are recorded when  
earned in the statement of activities . . . . .

1,500

Governmental funds report proceeds from sale; in the statement  
of activities, only the respective gain or loss is recognized . . . . .

(38,007)

Change in net assets of governmental activities . . . . .

\$ 1,131,705

The attached notes are an integral part of the financial statements.

## TOWNSHIP OF WHITE LAKE, MICHIGAN

STATEMENT OF NET ASSETS  
PROPRIETARY FUND TYPE - ENTERPRISE FUND

December 31, 2007

	Business-type Activity
	Water Fund
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents . . . . .	\$ 140,654
Receivables:	
Taxes . . . . .	71,776
Customers . . . . .	201,762
Special assessments . . . . .	83,400
Interest . . . . .	16,786
Due from other funds . . . . .	26,066
Total current assets . . . . .	\$ 540,444
Noncurrent assets:	
Restricted assets - cash and cash equivalents . . . . .	3,934,232
Advances to other funds . . . . .	73,757
Receivable - special assessment . . . . .	526,513
Capital assets, net . . . . .	5,124,556
Total noncurrent assets . . . . .	\$ 9,659,058
Total assets . . . . .	\$ 10,199,502

## LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable and other liabilities . . . . .	\$ 567,843
Accrued wages . . . . .	5,638
Accrued interest . . . . .	4,957
Due to other funds . . . . .	2,874
Current portion of long term debt . . . . .	50,000
Total current liabilities . . . . .	\$ 631,312
Noncurrent liabilities:	
Bond payable . . . . .	305,000
Total liabilities . . . . .	\$ 936,312
Net assets:	
Invested in capital assets, net of related debt . . . . .	4,769,556
Restricted for:	
Other purposes . . . . .	3,934,232
Unrestricted . . . . .	559,402
Total net assets . . . . .	\$ 9,263,190
Total liabilities and net assets . . . . .	\$ 10,199,502

The attached notes are an integral part of the financial statements.

## TOWNSHIP OF WHITE LAKE, MICHIGAN

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
PROPRIETARY FUND TYPE - ENTERPRISE FUND

For the Year Ended December 31, 2007

	Business-type Activity
	Water Fund
Operating revenue:	
Water sales . . . . .	\$ 801,206
Meters . . . . .	5,238
Penalties . . . . .	7,406
Miscellaneous . . . . .	2,383
Total operating revenue . . . . .	\$ 816,233
Operating expenses:	
Salaries . . . . .	239,196
Social security . . . . .	18,117
Employee insurance . . . . .	71,644
Pension . . . . .	17,333
Office supplies and expenses . . . . .	4,290
Operating supplies . . . . .	26,220
Chemicals . . . . .	38,613
Water testing . . . . .	4,644
Professional fees . . . . .	6,751
Communications . . . . .	1,330
Transportation expense and repairs . . . . .	5,407
General insurance . . . . .	63,761
Utilities . . . . .	62,809
Repairs and maintenance . . . . .	43,355
Dues and subscriptions . . . . .	2,628
Training . . . . .	1,014
Miscellaneous . . . . .	2,760
Depreciation and amortization . . . . .	172,664
Total operating expenses . . . . .	\$ 783,036
Operating income . . . . .	\$ 33,197
Nonoperating revenues (expenses):	
Privilege fees . . . . .	23,700
Capital surcharges . . . . .	157,062
Special assessments . . . . .	360,918
Interest income . . . . .	229,015
Miscellaneous income . . . . .	5,832
Interest expense . . . . .	(21,184)
Total nonoperating revenues (expenses) . . . . .	\$ 755,343
Change in net assets . . . . .	\$ 788,540
Net assets - January 1, 2007 . . . . .	\$ 4,474,650
Net assets - December 31, 2007 . . . . .	\$ 5,263,190

The attached notes are an integral part of the financial statements.

TOWNSHIP OF WHITE LAKE, MICHIGAN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE - ENTERPRISE FUND

For the Year Ended December 31, 2007

	Business-type Activity Water Fund
Cash flows from operating activities:	
Receipts from customers . . . . .	\$ 796,750
Payments to suppliers . . . . .	(470,378)
Payments to employees . . . . .	(238,038)
Net cash provided (used) by operating activities. . . . .	\$ 88,334
Cash flows from capital and related financing activities:	
Purchase of capital assets. . . . .	(381,193)
Principal paid on capital debt. . . . .	(50,000)
Interest paid on capital debt . . . . .	(22,427)
Privilege fees. . . . .	23,700
Capital surcharges. . . . .	157,062
Special assessments . . . . .	238,614
Miscellaneous income. . . . .	5,832
Net cash provided (used) by capital and related financing activities. . . . .	\$ (28,412)
Cash flows from investing activities:	
Interest income . . . . .	226,257
Net increase (decrease) in cash and cash equivalents. . . . .	\$ 286,179
Cash and cash equivalents - January 1, 2007 . . . . .	3,788,707
Cash and cash equivalents - December 31, 2007 . . . . .	\$ 4,074,886
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss) . . . . .	\$ 33,197
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization . . . . .	172,884
Changes in assets and liabilities:	
(Increase) decrease in receivables. . . . .	(19,483)
(Increase) decrease in due from other funds . . . . .	(184)
(Increase) decrease in deposits . . . . .	5,581
Increase (decrease) in accounts payable and other liabilities . . . . .	(34,463)
Increase (decrease) in accrued wages. . . . .	1,158
Increase (decrease) in due to other funds . . . . .	(70,136)
Net cash provided (used) by operating activities. . . . .	\$ 88,334

The attached notes are an integral part of the financial statements.

TOWNSHIP OF WHITE LAKE, MICHIGAN  
STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUNDS

DECEMBER 31, 2007

	Agency Funds
<b>ASSETS</b>	
Cash and cash equivalents . . . . .	\$ 6,373,809
Total assets . . . . .	<u>\$ 6,373,809</u>
<b>LIABILITIES</b>	
Accounts payable and other liabilities . . . . .	\$ 1,142,289
Due to other funds . . . . .	4,979,441
Due to other governments . . . . .	243,544
Due to others . . . . .	<u>8,535</u>
Total liabilities . . . . .	<u>\$ 6,373,809</u>

The attached notes are an integral part of the financial statements.

TOWNSHIP OF WHITE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

NOTE A - Summary of Significant Accounting Policies

The accounting policies of the Township of White Lake conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township of White Lake.

Reporting Entity

The Township of White Lake is governed by an elected seven-member Board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable.

Blended Component Units

A blended component unit is a legally separate entity from the Township of White Lake, but is so intertwined with the unit that it is, in substance, the same as the Township of White Lake. It is reported as part of the Township of White Lake and blended into the appropriate fund types and account groups.

Building Authority - The Township of White Lake Building Authority is governed by a board appointed by the Township of White Lake's township board. Although it is legally separate from the Township of White Lake, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the Township of White Lake's public buildings. This fund is currently inactive, and therefore, not included in this report.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual--that is, when they become both measurable and available to finance expenditures of the period. Property taxes, state-shared revenue, interest, reimbursable grants, and charges for services are considered to be susceptible to accrual and so have been recognized as revenue of the current period. All other revenue items are considered to be available only when cash is received by the government.

TOWNSHIP OF WHITE LAKE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE A - Summary of Significant Accounting Policies (continued)

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Governmental Funds:

The Township reports the following major governmental funds:

General Fund

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Fire Fund

The Fire Fund is a special revenue fund used to account for fire protection within the Township.

Police Fund

The Police Fund is a special revenue fund used to account for police protection within the Township.

Special Assessment Fund

The Special Assessment Fund is a special revenue fund used to account for the collection and disposal of Township solid waste and various special assessments collected on behalf of others.

Pontiac Lake Sewer Debt Fund

The Pontiac Lake Sewer Debt Fund is a debt service fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs associated with the construction of sewers for those residents of the Pontiac Lake assessment.

Additionally, the Township reports the following fund types:

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust funds).



TOWNSHIP OF WHITE LAKE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE A - Summary of Significant Accounting Policies (continued)

Proprietary Fund

The Township reports the following major proprietary fund:

Water Fund

The Water Fund accounts for the operation, maintenance and distribution of the water system.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water Fund relates to charges to customers for sales and services. The water fund also recognized the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Fiduciary Funds

Agency Funds

Agency Funds are used to account for assets held by the Township as an agent for individuals, private organizations, other governments and/or other funds. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Property Taxes

The Township of White Lake property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in the Township of White Lake as of the preceding December 31st.

The Township is a Charter Township with a calendar year (December 31) fiscal period. Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These property taxes are billed on December 1 of the following year. Property taxes are billed on December 1 and are recognized as revenues for the subsequent year beginning January 1. These taxes are due on February 14 with the final collection date of February 28. Delinquent real property taxes are purchased by Oakland County from the Township, and accordingly are recognized as revenue in the current year. Delinquent personal property taxes are not recorded as taxes receivable; revenues are recognized when received.

The 2007 taxable valuation of the Township of White Lake total \$1,255,097,734, on which ad valorem taxes levied consisted of 0.9948 mills for the Township of White Lake operation purposes, 1.6478 mills for fire, 2.6583 mills for police and 0.3000 mills for parks and recreation; raising \$1,248,539 for operating, \$2,068,174 for fire, and \$3,336,560 for police and \$376,529 for parks and recreation. These amounts are recognized in the respective General and Special Revenue Fund financial statements as taxes receivable.

Assets, Liabilities, and Net Assets or Equity

Cash and Investments

Deposits are carried at cost and consist of cash on hand, checking accounts, and investments in short-term investments, generally pooled investment funds. The carrying value of deposits, which includes certificates of deposit with an original maturity of three months or less, is separately displayed on the balance sheet as "cash and cash equivalents".

For purposes of the Statement of Cash Flows, the Township considers cash deposits and certificates of deposits with a maturity of three months or less when purchased to be cash equivalents.

Interfund Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds" on the balance sheet. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

TOWNSHIP OF WHITE LAKE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE A - Summary of Significant Accounting Policies (continued)

Receivables

All trade and property tax receivables are considered fully collectible by the Township. No provision has been made in the financial statements for noncollection. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Prepaid Items

Certain payments to vendors reflect costs applicable to future years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Certain revenues of the enterprise funds require amounts to be set aside for debt service principal and interest, operations and maintenance, and improvements and replacement of the water system. These amounts have been classified as restricted assets.

Capital Assets

Capital assets, which include land, land improvements, buildings, building improvements, vehicles, machinery, equipment, furniture and infrastructure are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Infrastructure assets are long-lived capital assets that normally can be preserved for a significantly greater number of years than most capital assets.

Capital assets that are being depreciated are reported net of accumulated depreciation in the statement of net assets. Capital assets that are not being depreciated, such as land, are reported separately.

Capital assets are depreciated over their estimated useful lives. Depreciation expense is reported in the statement of activities by allocating the net cost over the estimated useful life of the assets. Assets are depreciated on an individual basis for equipment and buildings.

Depreciation of all exhaustible fixed assets used by proprietary fund types is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund type balance sheets. Depreciation has been provided over the estimated useful lives.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

	Years
Water System	50
Buildings and Improvements	5-50
Vehicles	5-12
Furniture and Equipment	5-20
(Police, Fire, Office)	
Sewer System	50

Compensated Absences (Sick Leave)

Sick pay earned is recognized in the governmental financial statements when they are paid. The long-term portion of compensated absences related to governmental funds is a liability recorded in the Statement of Net Assets.

TOWNSHIP OF WHITE LAKE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE A - Summary of Significant Accounting Policies (continued)

Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the Statement of Net Assets. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and net of any deferred charges on bond refundings. Issuance costs are reported as deferred charges.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance present tentative management plans that are subject to change.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

NOTE B - Expenditures Over Budget

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General and Special Revenue Funds. All annual appropriations lapse at year end. The Township's appropriation resolution is generally passed during the November preceding the year in which the planned expenditures relate. Subsequent amendments are made to avoid unfavorable variances from the original budget. Related resolutions are made to state the purpose and amount of the changes. The Township Supervisor has the responsibility to enforce the budget. Unused appropriations do not carry forward to the next year.

The budget document presents information by fund, function, department and line items. The legal level (the level at which expenditures may not legally exceed appropriations) of budgetary control adopted by the board is at the department (activity) level.

The Township board must approve budget amendments at the activity level and supplemental appropriations, which affect total fund expenditures. The Supervisor can transfer appropriations between line items within a department or activity without governing body approval.

Supplemental appropriations were necessary during the year, which increased total expenditures.

Accounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

P.A. 2 of 1968 as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated in budget resolutions of the governing body.

TOWNSHIP OF WHITE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE B - Expenditures Over Budget (continued)

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the Township of White Lake had various insignificant expenditures in certain budgeted funds which were in excess of the amounts appropriated.

NOTE C - Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated various banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 195 of 1997 has authorized investment in all of the State statutory authorities as listed above, except repurchase agreements. The Township's deposits and investment policies are in accordance with statutory authority.

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township's policy requires each financial institution to provide annual financial statements and quarterly the nationally recognized financial institution's rating must be in the upper 30 percentile. At year end, the Township had \$25,786,779 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township's policy requires the security dealers and financial institutions to qualify under the SEC Rule 15C3-1. At year end, the Township had no investment securities that were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

TOWNSHIP OF WHITE LAKE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE C - Deposits and Investments (continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township's investment policy restricts investment maturities as follows:

- 1) Commercial paper which can only be purchased with a 270-day maturity.
- 2) Unless matched to a specific cash flow, the Township will not directly invest in securities maturing more than two (2) years from the date of purchase.
- 3) Reserve Funds and Capital Improvement Funds may be invested in securities exceeding two (2) but not more than five (5) years if the maturity of such investments are made to coincide as nearly as practicable with expected use of the funds.
- 4) Investment maturities for operating funds shall coincide with projected cash flow needs, taking into account routine needs as well as considering anticipated revenue.

At year end, the Township had no investments with interest rate risk.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Bank investment pools	\$12,255,647	Not rated	
Interlocal agreement fund - MBIA	759,929	AAA-V1	Fitch

Concentration of Credit Risk

It is the policy of White Lake Township to diversify its investment portfolio. The Township's policy is to reduce its concentration of credit risk in any one institution. The Township will attempt to limit its investments to no more than 5% in any one financial institution. With the exception of U.S. Treasury Securities and authorized pools, the Township shall attempt to limit investment in any single security type to 60% of the portfolio.

## TOWNSHIP OF WHITE LAKE, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

## NOTE D - Capital Assets

Capital asset activity of the primary government for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 1,870,764	\$	\$	\$ 1,870,764
Construction in Progress	<u>47,134</u>	<u>15,079</u>	<u>47,134</u>	<u>15,079</u>
Subtotal	\$ <u>1,917,898</u>	\$ <u>15,079</u>	\$ <u>47,134</u>	\$ <u>1,885,843</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	\$ 4,242,667	\$ 37,428	\$	\$ 4,280,095
Vehicles	3,520,248	167,625	139,027	3,548,846
Furniture and Equipment	1,441,643	63,813	236,787	1,268,669
Sewer System	<u>13,820,731</u>	<u>235,881</u>		<u>14,056,612</u>
Subtotal	\$ <u>23,025,289</u>	\$ <u>504,747</u>	\$ <u>375,814</u>	\$ <u>23,154,222</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 1,212,637	\$ 108,891	\$	\$ 1,321,528
Vehicles	2,088,003	320,904	113,149	2,295,758
Furniture and Equipment	725,505	139,957	224,659	640,813
Sewer System	<u>945,332</u>	<u>278,380</u>		<u>1,223,762</u>
Subtotal	\$ <u>4,971,527</u>	\$ <u>848,142</u>	\$ <u>337,808</u>	\$ <u>5,481,861</u>
Net Capital Assets Being Depreciated	\$ <u>18,053,762</u>	\$ <u>(343,395)</u>	\$ <u>38,006</u>	\$ <u>17,672,361</u>
Governmental Activities Total Capital Assets--Net of Depreciation	\$ <u>19,971,660</u>	\$ <u>(328,316)</u>	\$ <u>85,140</u>	\$ <u>19,558,204</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 253,080	\$	\$	\$ 253,080
Construction in Progress	<u>1,026,768</u>	<u>684,530</u>	<u>1,026,768</u>	<u>684,530</u>
Subtotal	\$ <u>1,279,848</u>	\$ <u>684,530</u>	\$ <u>1,026,768</u>	\$ <u>937,610</u>
Capital Assets Being Depreciated:				
Water System	\$ 7,789,577	\$1,238,997	\$	\$ 9,028,574
Machinery and Equipment	<u>136,395</u>	<u>12,003</u>		<u>148,398</u>
Subtotal	\$ <u>7,925,972</u>	\$ <u>1,251,000</u>	\$	\$ <u>9,176,972</u>
Less Accumulated Depreciation for:				
Water System	\$ 4,722,218	\$ 152,485	\$	\$ 4,874,703
Machinery and Equipment	<u>95,144</u>	<u>20,179</u>		<u>115,323</u>
Subtotal	\$ <u>4,817,362</u>	\$ <u>172,664</u>	\$	\$ <u>4,990,026</u>
Net Capital Assets Being Depreciated	\$ <u>3,108,610</u>	\$ <u>1,078,336</u>	\$	\$ <u>4,186,946</u>
Business-Type Activities Total Capital Assets--Net of Depreciation	\$ <u>4,388,458</u>	\$ <u>1,762,866</u>	\$ <u>1,026,768</u>	\$ <u>5,124,556</u>

TOWNSHIP OF WHITE LAKE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE D - Capital Assets (continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities:	
General Government	\$122,970
Public Safety	392,267
Public Works	278,380
Economic Development	11,888
Recreation and Culture	33,204
Health and Welfare	9,433
Total Governmental Activities	\$648,142
Business-Type Activities:	
Water	\$172,664

Construction Commitments

The government has active construction projects at year-end. At year-end the government's commitments with these contracts are as follows:

	Spent to Date	Remaining Commitment
Water Line Extension	\$ 684,530	\$ 58,000
Sewer Project	\$ 15,079	\$ 65,000

NOTE E - Interfund Receivables, Payables and Transfers

Generally, outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding at year-end, and other miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are described as "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

TOWNSHIP OF WHITE LAKE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE E - Interfund Receivables, Payables and Transfers (continued)

The following are the interfund receivables at December 31, 2007:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
General Fund	Enterprise Fund	\$ 2,874
	Tax Collection Fund	675,417
	Trust and Agency Fund	166,731
	Special Assessment Fund	46,288
	Community Development Block Grant	44,056
	Pontiac Lake Sewer Debt	726
	Total General Fund	\$ 936,092
Special Revenue Funds:		
Fire Fund	Tax Collection Fund	1,092,548
Police Fund	Tax Collection Fund	1,762,618
Police Fund	Pontiac Lake Sewer Debt	5,384
Special Assessment Fund	Tax Collection Fund	991,703
Parks and Recreation	Tax Collection Fund	198,894
Public Act 188	Tax Collection Fund	17,297
Building Fund	General Fund	112,632
	Total Special Revenue Fund	\$4,181,078
Debt Service Funds:		
Pontiac Lake Sewer Debt	Sewer Debt	126,625
Pontiac Lake Sewer Debt	Tax Collection Fund	48,167
	Total Debt Service Fund	\$ 174,792
Enterprise Fund	Tax Collection Fund	26,066
	Total interfund receivable	\$5,318,026

These balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made

Interfund Transfers

<u>Transfers in</u>	<u>Transfers (Out)</u>				<u>Total</u>
	<u>Drug Forfeiture</u>	<u>General Fund</u>	<u>Improvement Revolving</u>	<u>Pontiac Lake Sewer Construction</u>	
General Fund	\$	\$	\$ 168,510	\$	\$ 168,510
Fire Fund		607,800			607,800
Police Fund	45,122	328,991			374,113
Building Fund		164,761			164,761
Pontiac Lake Sewer Debt				16,723	16,723
PA 188		168,510			168,510
General Sewer Fund			85,000		85,000
Total	\$ 45,122	\$1,270,062	\$ 253,510	\$ 16,723	\$1,585,417



TOWNSHIP OF WHITE LAKE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE E - Interfund Receivables, Payables and Transfers (continued)

Interfund Transfers (continued)

Transfers of unrestricted revenues collected in the General Fund to finance Police and Fire Funds in accordance with budgetary authorizations.

Transfers of restricted revenues collected in the Drug Forfeiture fund were used to assist the Police Fund in purchasing qualifying expenditures.

Transfers of unrestricted reserves in the Improvement Revolving Fund were used to reimburse the General Fund for approved expenditures.

Transfers of unrestricted reserves in the General Fund were used in PA 188 Fund to finance qualifying expenditures.

Transfer of the restricted fund balance in the General Fund was made to establish the Building Fund as per Public Act 245 of 1999.

Advances

<u>Advance to (1)</u>	<u>Advance From Water Fund</u>
General Fund	\$ 73,757

(1) This balance is not expected to be repaid within one year. This advance represents the portion assessed to the General Fund for construction of water lines at Township properties

NOTE F - Lease Commitments and Long-Term Debt

The following is a summary of general long-term debt of the Township for the year ended December 31, 2007:

	<u>Special Assessment Bonds</u>	<u>General Obligation Bonds</u>	<u>Capital Lease Obligations</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance at January 1, 2007	\$ 600,000	\$10,195,000	\$ 31,984	\$ 97,700	\$10,923,784
Decrease in obligation for compensated absences				(1,500)	(1,500)
Principal retirements	(100,000)	(670,000)	(6,813)		(776,813)
Balance at December 31, 2007	\$ 500,000	\$ 9,525,000	\$ 24,271	\$ 96,200	\$10,145,471

The following is a summary of long-term debt for the enterprise fund:

	<u>Revenue Bonds</u>
Balance at January 1, 2007	\$405,000
Principal retirements	(50,000)
Balance at December 31, 2007	\$355,000

TOWNSHIP OF WHITE LAKE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE F - Lease Commitments and Long-Term Debt (continued)

Special Assessment Bonds:

On September 1, 2003 special assessment bonds in the amount of \$890,000 were sold for the Pontiac Lake Sewer. These bonds will be financed by special assessments to certain property owners. The bonds interest rate varies from 3.05% to 5.0%. Schedule of required interest and principal payments is as follows:

	Annual Interest	Annual Principal
2008	\$ 17,450	\$ 100,000
2009	14,150	100,000
2010	11,050	100,000
2011	7,600	100,000
2012	3,900	100,000
	\$ 54,150	\$ 500,000

General Obligations Bonds:

On July 1, 1995 the Township sold \$725,000 Sewage Disposal System Bonds. These bonds are part of the financing for the sewer system project. The bonds bear interest at a rate of 4.8% to 6.0%. Schedule of required principal and interest payments is as follows:

	Annual Interest	Annual Principal
2008	\$ 25,255	\$ 40,000
2009	23,035	40,000
2010	20,633	45,000
2011	17,900	50,000
2012	14,975	50,000
2013	12,000	50,000
2014	8,850	55,000
2015	5,400	60,000
2016	1,800	60,000
	\$129,848	\$ 450,000

In 1995, 1997 and 1998 the Township sold \$9,350,000 sewage disposal bonds through the State of Michigan Revolving Fund. These bonds are part of the financing for the sewer system project. The bonds bear interest at a rate of 2.25%. Schedule of required principal and interest payments is as follows:

	Annual Interest	Annual Principal
2008	\$122,119	\$ 455,000
2009	111,713	470,000
2010	101,025	480,000
2011	90,112	490,000
2012	78,975	500,000
2013	67,556	515,000
2014	55,856	525,000
2015	43,931	535,000
2016	31,725	550,000
2017	19,238	560,000
2018	6,469	575,000
	\$728,719	\$5,655,000

## TOWNSHIP OF WHITE LAKE, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE F - Lease Commitments and Long-Term Debt (continued)

On September 26, 2002 the Township sold \$4,130,000 Pontiac Lake Sanitary Sewer System bonds through the Michigan Municipal Bond Authority. As of December 31, 2005 \$4,121,112 of these proceeds have been distributed to the Township. These bonds are financed by special assessments to certain property owners. The bonds bear interest at a rate of 2.50%. The repayment schedule on the outstanding amount distributed is as follows:

	Annual Interest	Annual Principal
2008	\$ 83,125	\$ 190,000
2009	78,313	195,000
2010	73,375	200,000
2011	68,312	205,000
2012	63,125	210,000
2013	57,812	215,000
2014	52,375	220,000
2015	46,813	225,000
2016	41,062	235,000
2017	35,125	240,000
2018	29,063	245,000
2019	22,875	250,000
2020	16,563	255,000
2021	10,062	265,000
2022	3,375	270,000
	\$581,375	\$3,420,000

Capital Lease Obligations:

On December 1, 2005 the Township entered into a lease agreement acquiring three copiers in the General Fund at a cost of \$37,349. The agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date on the Statement of Net Assets. The assets are depreciated over the useful life. Depreciation of these assets is included in depreciation expense on the Statement of Activities. The amount of accumulated depreciation on property held under capital leases at December 31, 2007 was \$15,562. Schedule of required interest and principal payments is as follows:

	Annual Interest	Annual Principal
2008	\$ 1,772	\$ 7,417
2009	1,119	8,070
2010	408	8,784
	\$ 3,299	\$ 24,271

Compensated Absences:

Compensated absences reflected in the general long-term debt of \$96,200 represents the estimated liability to be paid to police department employees under the Township's sick pay policy. Upon meeting all requirements for full retirement, an employee will be entitled to fifty percent (50%) with a 100 day cap (maximum payment of 50 days) of his/her sick day bank. Upon favorable separation, with a minimum of ten (10) years of service, an employee is entitled to thirty percent (30%) payout with a 100 day cap (maximum payment of 30 days).

TOWNSHIP OF WHITE LAKE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE F - Lease Commitments and Long-Term Debt (continued)

Enterprise Fund:

On February 2, 2000 special assessment bonds in the amount of \$705,000 were sold for the Fisk Road water main. These bonds will be financed by special assessments to certain property owners. The bonds interest rate varies from 5.0% to 6.0%. Schedule of required interest and principal payments is as follows:

	Annual Interest	Annual Principal
2008	\$ 19,827	\$ 50,000
2009	17,178	45,000
2010	14,747	45,000
2011	12,273	45,000
2012	9,753	45,000
2013	7,187	45,000
2014	4,600	40,000
2015	2,300	40,000
	\$ 87,865	\$ 355,000

Summary of Long-Term Debt Requirements:

The amounts necessary to amortize the debt described above for years subsequent to December 31, 2007 (excluding compensated absences) are as follows:

Year ending December 31,	General Long-Term Debt		Enterprise Fund	
	Principal	Interest	Principal	Interest
2008	\$ 792,417	\$ 249,721	\$ 50,000	\$ 19,827
2009	813,070	228,330	45,000	17,178
2010	833,784	206,491	45,000	14,747
2011	845,000	183,924	45,000	12,273
2012	860,000	160,975	45,000	9,753
2013-2017	4,045,000	479,543	125,000	14,087
2018-2022	1,860,000	88,407	-----	-----
	\$10,049,271	\$1,597,391	\$ 355,000	\$ 87,865

NOTE G - Restricted Assets

The balances of the restricted asset accounts are as follows:

<u>Enterprise Fund:</u>	
<u>Revenue Restrictions:</u>	
Operations and Maintenance Account	\$1,252,959
Improvements and Replacement Account	2,330,350
Bond Reserve	350,923
Total Restricted Assets	\$3,934,232

## TOWNSHIP OF WHITE LAKE, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

**NOTE H - Receivables**

At December 31, 2007, Receivables - Other consisted of the following:

	General Fund
Coccast	\$ 79,188
Taxpayers	14,648
Insurance refunds	26,956
Refund	950
	<u>\$121,742</u>

**NOTE I - Retirement Plans**Defined Contribution Plan.

Effective April 1989, the Township established a defined contribution pension plan for all full-time employees hired before April 1, 1992. A defined contribution plan provides pension benefits in return for services rendered, provides an individual account for each participant and specifies how contributions to the individual accounts are to be determined instead of specifying the amount of benefit the individual is to receive. Participants become one-hundred percent vested after twenty months of service. In a defined contribution plan benefits depend solely on amounts contributed to the plan plus investment earnings. Contributions are calculated on employee base salary at a rate of ten percent which includes employee contributions of two or three percent depending on the terms of negotiated labor contracts. Employees may make additional voluntary contributions to the plan.

The Township's contribution of \$42,301 (10% of covered payroll) to this plan was calculated using the base pay amount of \$423,010. total payroll for 2007 was \$5,934,521.

Deferred Compensation Plan:

The Township Board offers all Township employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plans were held in trust, (custodial account or annuity contract) as described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian thereof of the exclusive benefit of the participants holds the custodial account for the beneficiaries of the Section 457 plan, and the assets may not be diverted to any other use. The Administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balance and activities are not reflected in the Township's financial statements.

Defined Benefit Plan:

The Township participates in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance; disability retirement allowance, nonduty-connected death and postretirement adjustments to plan members and their beneficiaries. All Township full-time employees are eligible to participate in the system. All employees who retire after age 60 with 10 years (8 years for public safety employees) of credited service are entitled to a retirement benefit, payable for life, equal to 2.5% of their 3-year final average compensation (FAC), with a maximum benefit of 60% of FAC. The system also provides disability benefits to a member who becomes totally and permanently disabled while employed by the Township and after acquiring 10 or more years of credited service. The service requirement is waived if the disability is from service connected causes. If a member or vested former member with 10 or more years of service dies in a non-duty related death before retirement, a monthly survivor allowance may be payable. The service requirement is waived in a duty related death. The most recent period for which actuarial data was available was for the year ended December 31, 2007.

MERS was organized pursuant to Section 12a of Act #156, Public Acts of 1851 (MSA 5.333(a); MCLA 46.12(a)), as amended, State of Michigan. MERS is regulated under Act No. 427 of the Public Acts of 1984, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 447 North Canal Street, Lansing, Michigan 48917.

## TOWNSHIP OF WHITE LAKE, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

## NOTE I - Retirement Plans (continued)

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's collective bargaining unit or personnel policy. The Township is required to contribute at an actuarially determined rate, the current rate was 7.30% of annual covered payroll for non-union employees, 8.41% for police employees, 9.52% for fire employees, 18.07% for public safety employees and 12.97% for command employees at December 31, 2007. Employees also contribute to the plan; the current rate is 7.40% for non-union employees, 5.0% for police employees, 5.0% for fire employees, 9.6% for public safety employees and 7.50% for command employees.

During the year ended December 31, 2007, the Township's annual pension cost of \$477,675 for the plan was equal to the required and actual contribution. The annual required contribution was determined by an actuarial valuation of the plan as of December 31, 2005. The employer contribution rate has been determined based on the entry age normal cost funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 33 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8 percent and annual salary increases of 4.5 percent based on an age-related scale to reflect merit, longevity, and promotional salary increases. The actuarial value of assets was determined using techniques that smooth effects of short-term volatility over a five-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll over 28 years. The amortization period is open.

## Three Year Trend Information for GASB Statement No. 27:

Fiscal Period Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
December 31, 2005	\$ 408,702	100%	\$ -0-
December 31, 2006	461,976	100%	-0-
December 31, 2007	477,675	100%	-0-

## Required Supplementary Information for GASB Statement No. 27:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as of Percentage of Covered Payroll (b-a)/(c)
December 31,	(a)	(b)	(b-a)	(a/b)	(c)	(b-a)/(c)
2005	\$ 10,353,808	\$ 13,298,408	\$ 2,944,600	77.9%	\$4,721,473	62.4%
2006	11,548,944	14,683,234	3,134,290	78.7%	5,160,971	60.7%
2007	12,888,439	16,033,242	3,144,803	80.4%	5,058,423	62.2%

## NOTE J - Post Employment Benefits

## Union Employees:

The Township provides health care benefits to all full-time employees upon retirement with 25 years of service and after attaining the age of 55 years, or 10 years of service and after attaining the age of 60 years, in accordance with labor contracts. The Township includes pre-Medicare retirees and their dependents in its insured health care plan, with contributions required by the participant for dependents. The Township purchases Medicare supplemental insurance for retirees eligible for Medicare.

## Non-Union Employees:

The Township provides health care benefits for all retiring employees with 25 years of service and after attaining the age of 50 years, or 10 years of service and after attaining the age of 60 years. The Township includes pre-Medicare retirees and their spouse in its insured health care plan, with contributions required by the participant for their spouse. The Township purchases Medicare supplemental insurance for retirees eligible for Medicare.

Expenditures for post employment health care benefits are recognized as the insurance premiums become due; during the year ended December 31, 2007, this accounted to approximately \$127,000 and covered sixteen retired employees.

TOWNSHIP OF WHITE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE J - Post Employment Benefits (continued)

Fulltime Elected Officials

The Township will carry medical benefits for spouses of fulltime elected officials at retirement, if they meet 25 years of service and 50 years of age or 8 years of service and 60 years of age.

The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending December 31, 2008.

NOTE K - Commitments

At December 31, 2007, the Township has commitments as follows:

The Township is in the process of purchasing police cars at an estimated cost of \$108,500.

NOTE L - Litigation and Contingent Liabilities

The Township is a defendant in various litigations. The Township attorney and management are of the opinion that any potential liability resulting from these cases, either can not be determined, is not material or should be within the insurance coverage of the Township, therefore, is not reflected in the financial statements.

The Township is currently negotiating with several unions. There is potentially a liability for retro pay, but since this amount cannot be determined, this liability is not reflected on the financial statements.

NOTE M - Sewer Systems

The Township has operating sewers and is in the process of constructing additional sewer extensions throughout the Township. The Township belongs to the Commerce/White Lake Sewer System. Oakland County operates and maintains this sewer system.

NOTE N - Reserved Fund Balances

Fund balances have been reserved for the following purposes:

	<u>General Fund</u>
Transportation	\$ 11,125
	<u>Fire Fund</u>
Equipment acquisition	\$ 5,367,262

TOWNSHIP OF WHITE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

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NOTE D - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for health, dental and life claims. The Township participates in the Michigan Municipal Risk Management Authority state pool for claims relating to property loss, torts, errors and omissions and participates in the Michigan Municipal League risk pool for claims relating to workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Municipal Risk Management Authority State Pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. A portion of the excess insurance coverage is underwritten by the Authority itself.



REQUIRED SUPPLEMENTAL INFORMATION

## TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenues:				
Taxes:				
Current tax . . . . .	\$ 1,177,954	\$ 1,177,954	\$ 1,182,233	\$ 4,279
Delinquent . . . . .	7,500	7,500	3,752	(3,748)
Trailer taxes . . . . .	8,000	8,000	8,390	390
Interest and penalty . . . . .	26,000	26,000	26,155	155
	<u>\$ 1,219,454</u>	<u>\$ 1,219,454</u>	<u>\$ 1,220,530</u>	<u>\$ 1,076</u>
Licenses and permits:				
General licenses and permits . . . . .	3,250	3,250	485	(2,765)
Soil erosion & extraction permit . . . . .	22,000	22,000	21,180	(820)
Dog licenses . . . . .	1,000	1,000	991	(9)
Cable T.V. franchise . . . . .	186,500	308,500	314,970	7,870
	<u>\$ 212,750</u>	<u>\$ 332,750</u>	<u>\$ 337,026</u>	<u>\$ 4,276</u>
State sources:				
State revenue sharing . . . . .	2,093,167	2,093,167	2,045,996	(47,171)
Miscellaneous grant . . . . .			6,063	6,063
Metro Act . . . . .	14,000	14,000	14,101	101
SMART grant . . . . .	65,042	65,042	66,118	1,076
	<u>\$ 2,172,209</u>	<u>\$ 2,172,209</u>	<u>\$ 2,132,278</u>	<u>\$ (39,931)</u>
Charges for services:				
Site and plate fees . . . . .	4,000	4,000	10,719	6,719
Board of Appeals . . . . .	4,500	4,500	2,948	(1,552)
Special meeting fees . . . . .	12,000	12,000	6,872	(5,128)
Cemetery - sale of lots . . . . .	5,000	5,000	3,500	(1,500)
Duplicating and photostating . . . . .	1,500	1,500	1,139	(361)
Senior services . . . . .	15,000	15,000	20,296	5,296
Other maps, codes, etc . . . . .	700	700	571	(129)
Enhanced revenue . . . . .	1,500	1,500	1,217	(283)
Passport processing fee . . . . .	8,000	8,000	14,700	6,700
Administration fees - other funds . . . . .	30,000	30,000	61,953	31,953
	<u>\$ 82,200</u>	<u>\$ 82,200</u>	<u>\$ 123,915</u>	<u>\$ 41,715</u>
Fines and forfeitures - ordinance fines . . . . .	1,000	1,000	150	(850)

## TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)

For the Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenues (continued):				
Interest and rents:				
Interest earnings . . . . .	200,000	200,000	437,494	237,494
Rents:				
Community Hall rental . . . . .	6,500	6,500	7,235	735
Dublin Center rental . . . . .	200	200	125	(75)
Field rentals . . . . .	2,500			
Lot rentals . . . . .		8,000	8,250	250
Porter Road . . . . .			6,325	6,325
Orzond Road Tower rental . . . . .	4,800	4,800	5,280	480
Wolverine Lake van rental . . . . .	1,500	1,500		(1,500)
	<u>\$ 215,500</u>	<u>\$ 221,000</u>	<u>\$ 464,709</u>	<u>\$ 243,709</u>
Other:				
Street lighting . . . . .	16,700	16,700	16,692	(8)
Refunds and rebates . . . . .	38,200	49,040	60,490	11,450
Contributions . . . . .	3,500	23,980	25,752	1,772
Sale of fixed assets . . . . .	500	500	120	(380)
Tri-Party reimbursement . . . . .	127,468	127,468	398	(127,130)
Reimbursements . . . . .	68,000	68,000	72,884	4,884
Miscellaneous . . . . .	11,700	11,700	21,840	10,140
	<u>\$ 288,068</u>	<u>\$ 297,388</u>	<u>\$ 198,116</u>	<u>\$ (99,272)</u>
Total revenues . . . . .	<u>\$ 4,169,181</u>	<u>\$ 4,325,001</u>	<u>\$ 4,476,724</u>	<u>\$ 150,723</u>
Expenditures:				
General government:				
Township board:				
Salaries - Trustees . . . . .	32,057	32,057	32,057	
Fees and per diem . . . . .	5,500	5,500	5,780	(280)
Social security . . . . .	2,873	2,873	2,853	20
Employee insurance . . . . .	424	474	462	12
Travel and conferences . . . . .	6,000	5,200	2,584	2,616
General insurance . . . . .	70	90	64	26
Dues and subscriptions . . . . .	15,500	16,450	16,054	396
Miscellaneous . . . . .	1,000	780		780
	<u>\$ 63,424</u>	<u>\$ 63,424</u>	<u>\$ 59,854</u>	<u>\$ 3,570</u>
Supervisor:				
Salary - officer . . . . .	73,588	73,568	73,843	(275)
Salary - Administrative assistant . . . . .	51,343	51,343	51,522	(179)
Salary - clerical . . . . .	19,530	18,530	13,706	4,824
Social security . . . . .	11,050	11,050	10,881	169
Employee insurance . . . . .	23,468	23,488	22,230	1,258

## TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)

For the Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures (continued):				
General government (continued):				
Supervisor (continued):				
Pension . . . . .	17,154	17,154	17,137	17
Travel and conferences . . . . .	7,300	8,405	7,059	1,346
General insurance . . . . .	2,100	2,100	1,684	416
Dues and subscriptions . . . . .	700	375	685	(310)
Miscellaneous . . . . .	300	500	404	96
	\$ 206,513	\$ 206,513	\$ 199,151	\$ 7,362
Accounting department:				
Salaries . . . . .	120,873	123,323	119,507	3,816
Social security . . . . .	9,247	9,247	9,038	209
Employee insurance . . . . .	23,500	23,500	22,559	941
Pension . . . . .	8,824	8,824	8,718	106
Travel and conferences . . . . .	700	700	184	516
General insurance . . . . .	400	400		400
Dues and subscriptions . . . . .	655	705	555	150
Training . . . . .	2,000	1,450	319	1,131
Miscellaneous . . . . .		500	484	16
	\$ 166,199	\$ 168,649	\$ 161,364	\$ 7,285
Clerk				
Salary - officer . . . . .	68,340	68,340	68,597	(257)
Salary - Deputy Clerk . . . . .	51,425	51,425	50,523	902
Salary - clerical . . . . .	91,546	88,546	85,568	2,978
Social security . . . . .	16,165	16,165	15,521	644
Employee insurance . . . . .	29,810	34,610	34,293	317
Pension . . . . .	27,595	27,595	27,630	(35)
Supplies . . . . .	1,500	200		200
Communications . . . . .	700	700	380	320
Travel and conferences . . . . .	1,800	1,800	889	911
Legal notices . . . . .	1,000	16,000	12,148	3,854
General insurance . . . . .	750	1,350	1,310	40
Dues and subscriptions . . . . .	850	1,250	969	281
Training . . . . .	4,000	2,500	1,896	604
Miscellaneous . . . . .	200	200	29	171
	\$ 295,681	\$ 310,681	\$ 299,751	\$ 10,930
Board of review:				
Fees and per diem . . . . .	1,000	1,800	1,740	60
Social security . . . . .	77	139	96	43
Conferences . . . . .	150	150	50	100
	\$ 1,227	\$ 2,089	\$ 1,886	\$ 203

## TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)

For the Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures (continued):				
General government (continued):				
Audit expense, . . . . .	35,000	48,000	43,770	4,230
Treasurer				
Salary - officer . . . . .	69,340	69,340	69,810	(470)
Salary - Deputy Treasurer . . . . .	56,845	56,845	55,965	880
Salaries - Clerical . . . . .	78,942	78,942	75,767	3,175
Social security . . . . .	15,590	15,590	15,142	448
Employee insurance . . . . .	57,852	57,852	47,514	10,338
Pension . . . . .	28,440	28,440	28,201	239
Supplies . . . . .	200	200		200
Data processing . . . . .	2,481	2,481	2,336	145
Communications . . . . .	464	964	600	364
Travel and conferences . . . . .	2,503	2,503	2,394	109
General insurance . . . . .	893	893	854	39
Dues and subscriptions . . . . .	980	980	474	506
Training . . . . .	7,004	6,404		6,404
Miscellaneous . . . . .	300	400	92	308
	\$ 321,834	\$ 321,834	\$ 299,149	\$ 22,685
Assessing:				
Salaries . . . . .	256,556	256,556	250,681	5,875
Social security . . . . .	19,827	19,827	19,139	488
Employee insurance . . . . .	72,125	72,125	71,475	650
Pension . . . . .	18,619	18,619	18,223	396
Professional services . . . . .	11,000	11,000	2,824	8,176
Data processing . . . . .	5,000	5,000	4,513	487
Travel and conferences . . . . .	4,900	5,000	3,558	1,442
General insurance . . . . .	8,000	8,000	7,239	761
Dues and subscriptions . . . . .	900	900	772	128
Training . . . . .	3,500	3,400	1,852	1,548
Miscellaneous . . . . .	1,550	1,550	1,429	121
	\$ 401,777	\$ 401,777	\$ 381,705	\$ 20,072
Elections:				
Salaries . . . . .	7,600	7,550	4,100	3,450
Fees and per diem . . . . .	9,000	9,000	7,020	1,980
Operating supplies . . . . .	7,230	7,280	8,323	(1,043)
Miscellaneous . . . . .	2,450	2,450	785	1,665
	\$ 26,280	\$ 26,280	\$ 20,228	\$ 6,052

## TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)

For the Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures (continued):				
General government (continued):				
Township buildings and grounds:				
Salaries - custodian . . . . .	108,032	108,032	106,891	1,141
Social security . . . . .	8,264	8,264	8,278	(14)
Employee insurance . . . . .	29,685	29,685	28,949	736
Pension . . . . .	7,886	7,886	7,768	118
Communications . . . . .	10,500	18,100	18,484	(384)
Transportation . . . . .	6,500	5,400	4,168	1,234
General insurance . . . . .	84,410	85,200	82,807	2,393
Utilities . . . . .	68,045	62,025	58,362	5,663
Building and grounds maintenance . . . . .	50,400	43,350	27,930	15,420
Equipment maintenance . . . . .	40,550	39,620	35,433	4,187
Project costs . . . . .		5,000	4,695	305
Miscellaneous . . . . .		250	161	89
	\$ 414,272	\$ 412,812	\$ 381,924	\$ 30,888
Legal fees . . . . .	90,000	149,000	140,163	8,837
Cemetery:				
General insurance . . . . .	200	200	98	102
Utilities . . . . .	400	400	237	163
Maintenance . . . . .	15,000	24,500	24,286	214
Miscellaneous . . . . .	500	500		500
	\$ 18,100	\$ 25,600	\$ 24,621	\$ 979
Conservation services . . . . .	25,000	25,000	23,131	1,869
Other general services administration activities:				
Mailing and postage . . . . .	42,500	42,500	32,174	10,326
Office supplies . . . . .	25,000	25,000	23,969	1,031
Miscellaneous . . . . .	20,000	20,000	10,333	9,167
	\$ 87,500	\$ 87,500	\$ 66,976	\$ 20,524
Total general government . . . . .	\$ 2,150,807	\$ 2,249,159	\$ 2,103,673	\$ 145,486

## TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)

For the Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures (continued):				
Public safety:				
Ordinance officer:				
Salaries . . . . .	47,430	63,830	61,358	2,472
Social security . . . . .	3,628	4,878	4,886	12
Employee insurance . . . . .	2,340	2,565	2,326	239
Pension . . . . .	3,462	3,462	3,413	49
Travel and conferences . . . . .	1,000	3,700	3,315	385
Miscellaneous . . . . .	2,605	1,005	475	530
Total public safety . . . . .	\$ 60,465	\$ 79,440	\$ 75,753	\$ 3,687
Public works:				
Highway and streets . . . . .	196,200	196,200	143,682	52,518
Street lighting . . . . .	36,000	36,000	29,796	6,204
Total public works . . . . .	\$ 232,200	\$ 232,200	\$ 173,478	\$ 58,722
Health and welfare:				
Senior citizens transportation program				
Salaries . . . . .	57,426	65,442	58,541	6,901
Social security . . . . .	4,393	5,000	4,482	518
Employee insurance . . . . .	945	4,075	4,134	(59)
Pension . . . . .		1,675	1,616	59
Supplies . . . . .	1,000	1,000	133	867
Communications . . . . .	2,500	2,500	2,268	234
Transportation . . . . .	17,000	15,300	13,930	1,370
General insurance . . . . .	5,220	4,720	4,210	510
Miscellaneous . . . . .	200	200	140	60
Total health and welfare . . . . .	\$ 88,684	\$ 99,912	\$ 87,452	\$ 12,460

## TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)

For the Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures (continued):				
Community and economic development:				
Planning:				
Salaries . . . . .	305,376	309,143	281,432	27,711
Social security . . . . .	23,361	23,361	21,528	1,833
Employee insurance . . . . .	48,113	48,583	45,808	2,755
Pension . . . . .	21,562	21,562	18,568	2,993
Supplies . . . . .	1,690	1,690	1,107	583
Professional fees . . . . .	172,000	162,633	80,599	82,034
Communications . . . . .	2,400	2,900	3,275	(375)
Transportation and conferences . . . . .	11,000	12,000	7,516	4,484
Legal notices and printing . . . . .	7,000	9,000	4,566	4,434
General insurance . . . . .	5,100	6,500	4,779	1,721
Dues and subscriptions . . . . .	2,120	2,370	2,140	230
Training . . . . .	4,000	4,000	1,263	2,737
Miscellaneous . . . . .	200	200	147	53
Total community and economic development . . . . .	\$ 603,922	\$ 603,922	\$ 472,729	\$ 131,193
Recreation and culture:				
Senior center program:				
Salaries . . . . .	97,247	98,447	68,687	29,760
Social security . . . . .	7,439	7,439	6,253	1,186
Employee insurance . . . . .	23,658	24,008	23,091	917
Pension . . . . .	7,099	7,099	5,809	1,290
Supplies and activities . . . . .	18,000	18,000	18,318	(318)
Communications . . . . .	1,000	1,000	793	207
Transportation and conferences . . . . .	1,350	1,350	163	1,187
General insurance . . . . .	7,110	9,110	7,075	2,035
Utilities . . . . .	9,500	9,500	8,505	995
Repairs and maintenance . . . . .	27,000	25,450	22,912	2,538
Dues and subscriptions . . . . .	800	800	359	441
Miscellaneous . . . . .	500	500	92	408
Total recreation and culture . . . . .	\$ 200,703	\$ 202,703	\$ 162,057	\$ 40,646
Other:				
Sick pay allowance . . . . .	8,000	8,000		8,000
Payroll service . . . . .	10,000	10,000	10,770	(770)
Total other . . . . .	\$ 18,000	\$ 18,000	\$ 10,770	\$ 7,230



## TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)

For the Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures (continued):				
Capital outlay:				
Elections . . . . .	22,000	22,000	3,679	18,321
Township buildings . . . . .	95,000	151,210	145,243	5,967
Cemetery . . . . .	5,500	6,000	3,806	2,194
Total capital outlay . . . . .	\$ 122,500	\$ 179,210	\$ 152,728	\$ 26,482
Debt service:				
Principal payments . . . . .		6,820	6,813	7
Interest and fiscal charges . . . . .		2,380	2,376	4
Total debt service . . . . .	\$	\$ 9,200	\$ 9,189	\$ 11
Total expenditures . . . . .	\$ 3,477,281	\$ 3,673,746	\$ 3,247,829	\$ 425,917
Excess of revenues over (under) expenditures . . . . .	\$ 691,900	\$ 652,255	\$ 1,228,895	\$ 576,640
Other financing sources (uses):				
Operating transfers in . . . . .		168,510	168,510	
Operating transfer out . . . . .	(1,062,077)	(1,486,953)	(1,270,062)	216,891
Total other financing sources (uses) . . . . .	\$ (1,062,077)	\$ (1,318,443)	\$ (1,101,552)	\$ 216,891
Excess of revenues and other sources over (under) expenditures and other uses . . . . .	\$ (370,177)	\$ (666,188)	\$ 127,343	\$ 793,531
Fund balance - January 1, 2007 . . . . .	2,222,108	2,222,108	2,222,108	
Fund balance - December 31, 2007 . . . . .	\$ 1,851,931	\$ 1,555,920	\$ 2,349,451	\$ 793,531

## TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE  
FIRE FUND

For the Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenues:				
Taxes . . . . .	\$ 1,951,192	\$ 1,951,192	\$ 1,958,237	\$ 7,045
Licenses and permits . . . . .			1,300	1,300
Federal sources . . . . .			5,160	5,160
Interest . . . . .	70,000	70,000	43,215	(26,785)
Other:				
Cost recoveries . . . . .	9,500	9,500	16,530	7,030
Contributions . . . . .			1,200	1,200
Miscellaneous . . . . .	1,500	6,274	7,671	1,397
Total revenues . . . . .	\$ 2,032,192	\$ 2,036,966	\$ 2,033,313	\$ (3,653)
Expenditures:				
Salaries . . . . .	1,109,659	1,133,493	1,123,786	9,707
Social security . . . . .	84,985	86,298	86,123	175
Employee insurance . . . . .	233,825	260,825	259,306	1,519
Pension . . . . .	106,880	106,880	111,845	(4,965)
Office supplies and expenses . . . . .	4,500	4,535	4,119	416
Uniforms . . . . .	10,500	10,500	10,255	245
Food allowance . . . . .	6,000	6,000	6,000	
Operating supplies . . . . .	64,900	48,620	47,871	749
Professional fees . . . . .	15,000	23,900	23,883	17
Communications . . . . .	10,450	10,752	9,747	1,005
Vehicle maintenance and expenses . . . . .	47,700	87,230	89,950	(2,720)
Conferences . . . . .	3,500	2,700	2,697	3
Medical supplies and services . . . . .	7,500	7,409	5,747	1,652
General insurance . . . . .	88,475	88,475	84,818	1,657
Utilities . . . . .	24,800	24,000	23,413	587
Repairs and maintenance . . . . .	23,900	22,700	21,729	971
Dues and subscriptions . . . . .	4,700	4,200	3,894	306
Training . . . . .	17,000	17,650	17,608	42
Miscellaneous . . . . .	4,900	2,598	1,734	864
	\$ 1,867,174	\$ 1,946,765	\$ 1,934,525	\$ 12,240
Capital outlay . . . . .	22,000	71,276	70,771	505
Total expenditures . . . . .	\$ 1,889,174	\$ 2,018,041	\$ 2,005,296	\$ 12,745
Excess of revenues over expenditures . . . . .	\$ 143,018	\$ 18,925	\$ 28,017	\$ 9,092
Other financing sources:				
Operating transfers in . . . . .	610,115	682,220	607,800	(74,420)
Excess of revenues and other sources over expenditures . . . . .	\$ 753,133	\$ 701,145	\$ 635,817	\$ (65,328)
Fund balance - January 1, 2007 . . . . .	4,731,445	4,731,445	4,731,445	
Fund balance - December 31, 2007 . . . . .	\$ 5,484,578	\$ 5,432,590	\$ 5,367,262	\$ (65,328)

## TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE  
POLICE FUND

For the Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenues:				
Taxes . . . . .	\$ 3,147,831	\$ 3,147,831	\$ 3,159,206	\$ 11,375
State sources . . . . .	19,400	19,400	23,823	4,423
Charges for services . . . . .	36,000	36,000	39,019	3,019
Fines and forfeitures . . . . .	135,000	135,000	136,178	1,178
Interest . . . . .	15,500	15,500	69,713	54,213
Other:				
Sale of fixed assets . . . . .	23,000	23,000	22,650	(350)
Miscellaneous . . . . .	19,700	37,700	80,726	43,026
Total revenues . . . . .	\$ 3,396,431	\$ 3,414,431	\$ 3,531,320	\$ 116,889
Expenditures:				
Salaries . . . . .	2,327,936	2,314,936	2,327,524	(12,566)
Social security . . . . .	180,850	180,850	181,345	(495)
Employee insurance . . . . .	574,615	574,615	569,772	4,843
Pension . . . . .	204,200	211,200	210,744	456
Office supplies and expenses . . . . .	13,000	13,000	11,350	1,650
Uniforms . . . . .	25,900	21,200	20,346	854
Operating supplies . . . . .	17,200	19,400	19,349	51
Professional fees . . . . .	83,500	108,500	113,197	(4,697)
Data processing . . . . .	18,000	5,000	3,297	1,703
Communications . . . . .	12,000	12,000	4,848	7,152
Vehicle maintenance and expenses . . . . .	82,400	90,500	93,035	(2,535)
Conferences . . . . .	1,500	1,500	947	553
General insurance . . . . .	70,000	89,500	88,242	1,258
Repairs and maintenance . . . . .	51,000	75,000	64,446	10,554
Dues and subscriptions . . . . .	3,050	3,050	2,216	834
Training . . . . .	17,900	17,900	19,735	(1,835)
Crossing guards . . . . .	11,640	11,640	9,621	2,019
Miscellaneous . . . . .	12,700	8,100	5,465	2,635
Total expenditures . . . . .	\$ 3,707,393	\$ 3,757,893	\$ 3,745,479	\$ 12,414
Capital outlay . . . . .	141,000	173,122	159,954	13,168
Total expenditures . . . . .	\$ 3,848,393	\$ 3,931,015	\$ 3,905,433	\$ 25,582
Excess of revenues over (under) expenditures . . . . .	\$ (451,962)	\$ (516,584)	\$ (374,113)	\$ 142,471
Other financing sources:				
Operating transfers in . . . . .	451,962	516,584	374,113	(142,471)
Excess of revenues and other sources over expenditures . . . . .	\$	\$	\$	\$
Fund balance - January 1, 2007 . . . . .				
Fund balance - December 31, 2007 . . . . .	\$	\$	\$	\$

## TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE  
SPECIAL ASSESSMENT FUND

For the Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenues.				
Interest . . . . .	\$	\$ 25,000	\$ 77,592	\$ 52,592
Other - special assessments . . . . .	1,531,065	1,573,825	1,555,224	(18,601)
Total revenues. . . . .	\$ 1,531,065	\$ 1,598,825	\$ 1,632,816	\$ 33,991
Expenditures.				
Public works:				
Special assessments:				
Garbage . . . . .	1,333,124	1,408,124	1,403,562	4,562
Others. . . . .	197,941	345,211	291,822	53,389
Total expenditures. . . . .	\$ 1,531,065	\$ 1,753,335	\$ 1,695,384	\$ 57,951
Excess of revenues over (under) expenditures. . . . .	\$	\$ (154,510)	\$ (62,568)	\$ 91,942
Fund balance - January 1, 2007. . . . .	562,002	562,002	562,002	
Fund balance - December 31, 2007. . . . .	\$ 562,002	\$ 407,492	\$ 499,434	\$ 91,942

OTHER SUPPLEMENTAL INFORMATION

## TOWNSHIP OF WHITE LAKE, MICHIGAN

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2007

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Non-Major Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents . . . . .	\$ 3,139,961	\$ 2,225,463	\$	\$ 5,365,424
Receivables:				
Taxes . . . . .	178,094			178,094
Interest . . . . .	4,287			4,287
Special assessments . . . . .	194,973			194,973
Due from other funds . . . . .	328,823			328,823
Due from other governments . . . . .	44,056			44,056
<b>Total assets . . . . .</b>	<b>\$ 3,890,194</b>	<b>\$ 2,225,463</b>	<b>\$</b>	<b>\$ 6,115,657</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and other liabilities . . . . .	\$ 7,845	\$ 8,000	\$	\$ 15,845
Accrued salaries and wages . . . . .	5,390			5,390
Deferred revenue . . . . .	562,472			562,472
Due to other funds . . . . .	44,056	126,625		170,681
<b>Total liabilities . . . . .</b>	<b>\$ 619,763</b>	<b>\$ 134,625</b>	<b>\$</b>	<b>\$ 754,388</b>
Fund balances:				
Reserved for debt service . . . . .		2,090,838		2,090,838
Unreserved . . . . .	3,270,431			3,270,431
<b>Total fund balances . . . . .</b>	<b>\$ 3,270,431</b>	<b>\$ 2,090,838</b>	<b>\$</b>	<b>\$ 5,361,269</b>
<b>Total liabilities and fund balances . . . . .</b>	<b>\$ 3,890,194</b>	<b>\$ 2,225,463</b>	<b>\$</b>	<b>\$ 6,115,657</b>

## TOWNSHIP OF WHITE LAKE, MICHIGAN

 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS  
 DECEMBER 31, 2007

	Drug Forfeiture	Building Fund	Parks and Recreation	Improvement Revolving Fund
<b>ASSETS</b>				
Cash and cash equivalents . . . . .	\$ 25,291	\$	\$ 314,475	\$ 2,453,274
Receivables:				
Taxes . . . . .			178,094	
Interest . . . . .				1,089
Special assessments . . . . .				
Due from other funds . . . . .		112,832	198,894	
Due from other governments . . . . .				
Total assets . . . . .	<u>\$ 25,291</u>	<u>\$ 112,832</u>	<u>\$ 691,463</u>	<u>\$ 2,454,363</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and other liabilities . . . . .	\$	\$ 5,062	\$	\$
Accrued salaries and wages . . . . .		5,390		
Deferred revenue . . . . .			376,529	
Due to other funds . . . . .				
Total liabilities . . . . .	<u>\$</u>	<u>\$ 10,452</u>	<u>\$ 376,529</u>	<u>\$</u>
Fund balances - unreserved . . . . .	25,291	102,180	314,934	2,454,363
Total liabilities and fund balances . . . . .	<u>\$ 25,291</u>	<u>\$ 112,832</u>	<u>\$ 691,463</u>	<u>\$ 2,454,363</u>

Public Act 188	Community Development Block Grant	General Sewer Fund	Total
\$ 122,545	\$	\$ 224,376	\$ 3,139,961
			178,094
3,198			4,287
194,973			194,973
17,297			328,823
	44,056		44,056
<u>\$ 338,013</u>	<u>\$ 44,056</u>	<u>\$ 224,376</u>	<u>\$ 3,890,194</u>
\$	\$	\$ 2,783	\$ 7,845
			5,390
185,943			562,472
	44,056		44,056
<u>\$ 185,943</u>	<u>\$ 44,056</u>	<u>\$ 2,783</u>	<u>\$ 619,763</u>
152,070		221,593	3,270,431
<u>\$ 338,013</u>	<u>\$ 44,056</u>	<u>\$ 224,376</u>	<u>\$ 3,890,194</u>



TOWNSHIP OF WHITE LAKE, MICHIGAN

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
DEBT SERVICE FUNDS  
DECEMBER 31, 2007

	Sewer Debt Fund	Total
ASSETS		
Cash and cash equivalents . . . . .	\$ 2,225,463	\$ 2,225,463
Total assets . . . . .	<u>\$ 2,225,463</u>	<u>\$ 2,225,463</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and other liabilities . . . . .	\$ 8,000	\$ 8,000
Due to other funds . . . . .	<u>126,625</u>	<u>126,625</u>
Total liabilities . . . . .	\$ 134,625	\$ 134,625
Fund balances - reserved for debt service . . . . .	<u>\$ 2,090,838</u>	<u>\$ 2,090,838</u>
Total liabilities and fund balances . . . . .	<u>\$ 2,225,463</u>	<u>\$ 2,225,463</u>

TOWNSHIP OF WHITE LAKE, MICHIGAN

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECT FUNDS  
DECEMBER 31, 2007

	Pontiac Lake Sewer	Total
<b>ASSETS</b>		
Cash and cash equivalents . . . . .	\$	\$
Due from other funds. . . . .		
Total assets. . . . .	\$	\$
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Due to other funds. . . . .	\$	\$
Fund balances - unreserved. . . . .		
Total liabilities and fund balances . . . . .	\$	\$

JANZ & KNIGHT, P.L.C. - CERTIFIED PUBLIC ACCOUNTANTS

TOWNSHIP OF WHITE LAKE, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2007

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Non-Major Governmental Funds
Revenues:				
Taxes . . . . .	\$ 354,717	\$	\$	\$ 354,717
Licenses and permits . . . . .	307,724			307,724
Federal sources . . . . .	62,834			62,834
Charges for services . . . . .	206,453	292,533		498,986
Fines and forfeitures . . . . .	1,228			1,228
Interest and rents . . . . .	177,937	106,572		284,509
Other . . . . .	40,018			40,018
Total revenues . . . . .	\$ 1,150,911	\$ 399,105	\$	\$ 1,550,016
Expenditures:				
Current:				
General government . . . . .	50,624			50,624
Public safety . . . . .	419,986			419,986
Public works . . . . .	39,550			39,550
Recreation and culture . . . . .	73,199			73,199
Capital outlay . . . . .	212,627			212,627
Debt service:				
Principal payments . . . . .		485,000		485,000
Interest and fiscal charges . . . . .		160,045		160,045
Total expenditures . . . . .	\$ 795,986	\$ 645,045	\$	\$ 1,441,031
Excess of revenues over (under) expenditures . . . . .	\$ 354,925	\$ (245,940)	\$	\$ 108,985
Other financing sources (uses):				
Operating transfer in . . . . .	418,271			418,271
Operating transfer out . . . . .	(298,632)		(16,723)	(315,355)
Total other financing sources . . . . .	\$ 119,639	\$	\$ (16,723)	\$ 102,916
Excess of revenues and other financing sources over (under) expenditures and other uses . . . . .	\$ 474,564	\$ (245,940)	\$ (16,723)	\$ 211,901
Fund balance - January 1, 2007 . . . . .	2,795,887	2,336,778	16,723	5,149,368
Fund balance - December 31, 2007 . . . . .	\$ 3,270,431	\$ 2,090,838	\$	\$ 5,361,269

TOWNSHIP OF WHITE LAKE, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2007

	Drug Forfeiture	Building Fund	Parks and Recreation	Improvement Revolving Fund
Revenues:				
Taxes . . . . .	\$	\$	\$ 354,717	\$
Licenses and permits . . . . .		307,724		
Federal sources . . . . .				
Charges for services . . . . .		49,681		50,000
Fines and forfeitures . . . . .	1,228			
Interest and rents . . . . .	3,029		20,771	135,608
Other . . . . .			435	
Total revenues . . . . .	\$ 4,257	\$ 357,405	\$ 375,923	\$ 185,608
Expenditures:				
Current:				
General government . . . . .				
Public safety . . . . .		419,986		
Public works . . . . .				
Recreation and culture . . . . .			60,989	
Capital outlay . . . . .				105,936
Total expenditures . . . . .	\$	\$ 419,986	\$ 60,989	\$ 105,936
Excess of revenues over (under) expenditures . . . . .	\$ 4,257	\$ (62,581)	\$ 314,934	\$ 79,672
Other financing sources (uses):				
Transfer from general fund . . . . .		164,761		
Transfer from general sewer fund . . . . .				
Transfer to general fund . . . . .				(168,510)
Transfer to general sewer fund . . . . .				(85,000)
Transfer to police fund . . . . .	(45,122)			
Total other financing sources (uses) . . . . .	\$ (45,122)	\$ 164,761	\$	\$ (253,510)
Excess of revenues and other financing sources over (under) expenditures and other uses . . . . .	\$ (40,865)	\$ 102,180	\$ 314,934	\$ (173,838)
Fund balance - January 1, 2007 . . . . .	66,158			2,628,201
Fund balance - December 31, 2007 . . . . .	\$ 25,291	\$ 102,180	\$ 314,934	\$ 2,454,363

Public Act 188	Community Development Block Grant	General Sewer Fund	Total
\$	\$	\$	\$ 354,717
			307,724
	62,834		62,834
12,979		93,793	206,453
			1,228
10,677		7,852	177,937
38,143		1,440	40,018
<u>\$ 61,799</u>	<u>\$ 62,834</u>	<u>\$ 103,095</u>	<u>\$ 1,150,911</u>
	50,624		50,624
			419,986
(425)		39,975	39,550
	12,210		73,199
106,691			212,627
<u>\$ 106,266</u>	<u>\$ 62,834</u>	<u>\$ 39,975</u>	<u>\$ 795,986</u>
\$ (44,467)	\$	\$ 63,110	\$ 354,925
168,510			333,271
		85,000	85,000
			(168,510)
			(85,000)
			(45,122)
<u>\$ 168,510</u>	<u>\$</u>	<u>\$ 85,000</u>	<u>\$ 119,639</u>
\$ 124,043	\$	\$ 148,110	\$ 474,564
28,027		73,483	2,795,867
<u>\$ 152,070</u>	<u>\$</u>	<u>\$ 221,593</u>	<u>\$ 3,270,431</u>

TOWNSHIP OF WHITE LAKE, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHARGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
DEBT SERVICE FUNDS

For the Year Ended December 31, 2007

	Sewer Debt Fund	Total
Revenues:		
Charges for services . . . . .	\$ 292,533	\$ 292,533
Interest . . . . .	108,572	108,572
Total revenues . . . . .	\$ 399,105	\$ 399,105
Expenditures:		
Debt service:		
Principal payments . . . . .	485,000	485,000
Interest and fiscal charges . . . . .	160,045	160,045
Total expenditures . . . . .	\$ 645,045	\$ 645,045
Excess of revenues over (under) expenditures . . . . .	\$ (245,940)	\$ (245,940)
Fund balance - January 1, 2007 . . . . .	2,336,778	2,336,778
Fund balance - December 31, 2007 . . . . .	\$ 2,090,838	\$ 2,090,838

TOWNSHIP OF WHITE LAKE, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECT FUNDS

For the Year Ended December 31, 2007

	Pontiac Lake Sewer	Total
Revenues:		
Interest . . . . .	\$	\$
Expenditures:		
Current		
Public works . . . . .		
Capital outlay . . . . .		
Total expenditures . . . . .	\$	\$
Excess of revenues over expenditures . . . . .	\$	\$
Other financing use -		
Transfer to Pontiac Lake Debt Fund . . . . .	(16,723)	(16,723)
Excess of revenues over (under) expenditures and other financing uses . . . . .	\$ (16,723)	\$ (16,723)
Fund balance - January 1, 2007 . . . . .	16,723	16,723
Fund balance - December 31, 2007 . . . . .	\$	\$

JANZ & KNIGHT, P.L.C. - CERTIFIED PUBLIC ACCOUNTANTS

# JANZ & KNIGHT, P.L.C.

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JOSHUA J. LYNN  
FRY R. FORMAN  
JAMES A. STEPHENSON, IV  
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50  
YEARS  
1954-2004

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
MICHIGAN ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS

June 24, 2008

Members of the Township Board  
Township of White Lake  
7525 Highland Road  
White Lake, Michigan 48383

Dear Board Members:

We recently completed our audit of the basic financial statements of Township of White Lake for the year ended December 31, 2007. As a result of our audit, we have the following comments and recommendations for your review and consideration.

## Previous Comments:

1. The Township needs to implement procedures on water connections to ensure payment for the water main construction is paid when a qualifying event takes place. Since this SAD was optional at the time the line was constructed not all of the responsible parties have contributed to this system. Currently, there is no system in place within the Township that would trigger the collection of this balance due.

2. The Township receives monies in advance from developers to cover various costs associated with construction projects within the Township. This activity is run through the Trust & Agency Fund. In several instances these costs have exceeded the monies advanced to the Township. The Township is aware of this and is in the process of collecting the monies owed. We recommend that the Township establish procedures that insure that monies are received in advance prior to incurring developer expenses. The Planning Department should be involved with this process.

3. Due to an upcoming accounting change, GASB 45, the Township will need to recognize the cost of retiree health care for current and future retirees. The new rules will require the Township's government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. This change will result in recording a substantial liability on the Township's books relating to retiree health care costs. As previously discussed, an actuary should be contacted to compute this liability and to determine the annual required contributions.

## New Comments:

1. Certain Board adopted changes in fees for the building department and the addition of a secondary late fee on unpaid water bills were not implemented. We recommend that controls be put in place to monitor these changes. Since the water department fees are computerized it would be recommended that the department head and accounting office implement all changes into the billing system for immediate compliance. The building department fee calculations are manual. We recommend that this department become fully integrated with the rest of the Township. This will improve controls and communication between departments, resulting in fewer manual errors.

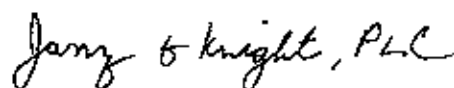


2. To improve internal control over water billings we recommend that individuals who have access to the billing function should be denied access to creating and editing service rates. Additionally, the billing function is not independent of the credit function. If this cannot be done efficiently, we recommend that a periodic review be done of these transactions by the accounting department. The water fund department head should also approve each adjustment.

We would like to thank the Township official and employees that assisted us during the audit process for their cooperation. If you should have any questions, comments or concerns please do not hesitate to call us.

This communication is intended solely for the information and use of management, the Members of the Township Board, and others within the Township, and not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



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Certified Public Accountants

J&K/srz